

URUGUAY

SECTOR:	Credit
PROJECT NAME:	Global Multisector Financing Program (1155/OC-UR)
TOTAL COST:	\$220.8 million
FINANCING:	
IDB	\$155.0 million
LOCAL	\$ 65.8 million
DATE OF APPROVAL:	December 8, 1998
GENERAL DESCRIPTION:	<p>The program's general objective is to provide support for the development of Uruguay's medium- and long-term financial markets in order to meet the investment needs of private businesses. The specific program objectives are to: (a) consolidate and expand medium- and long-term financing for private investment projects aimed at the diversification, improvement and expansion of efficient, productive activities under market conditions; (b) improve access to medium- and long-term financing for micro, small and medium-sized enterprises; (c) support institutional strengthening of the Superintendency of Financial Institutions (SIIF), as well as the Intermediary Financial Institutions (IFIs), in their activities as they relate to the program's objectives; and (d) facilitate the development of financial markets by financing the costs of installing the operating capacity needed to launch new products and make more extensive use of those products already available, as well as by introducing credit lines to cover maturity mismatches.</p> <p>Program components provide financing for: (a) expanding the liquidity discount facility for intermediary financial institutions (IFIs) to provide financing for Uruguayan companies at competitive market terms; and (b) institutional strengthening of the SIIF, the Mortgage Lending Bank of Uruguay (BHU), and the IFIs participating in the program. Resources of the discount facility may be used to finance investments in all areas of private sector activity, except those covered by the Bank's list of exclusions. Resources for institutional strengthening will be channeled by the BCU to: (a) modernize and expand the capacity of the SIIF to supervise and regulate the current activities of the financial system, as well as those relating to new products; and (b) develop the capacity of domestic financial entities to adapt their management and gain access to the program, and in particular to meet the eligibility requirements for handling new products and microloans. Under the proposed operation, Bank resources can be used to finance working capital, microcredit, permanent working capital relating to investment projects, and the purchase of new and used real estate and housing, as was successfully done with the previous operation.</p>
GOODS AND EQUIPMENT:	No procurement is anticipated with this program.
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